

Message Text

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ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 INT-05 PA-02
PRS-01 NSC-05 SS-15 STR-04 CEA-01 L-03 H-02 /114 W
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R 201416Z APR 77
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 0367
INFO AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY BRUSSELS
AMEMBASSY BONN
AMEMBASSY ROME
AMEMBASSY OTTAWA
AMEMBASSY HELSINKI
AMEMBASSY COPENHAGEN
AMEMBASSY OSLO
AMEMBASSY TOKYO
AMEMBASSY LUXEMBOURG
AMEMBASSY THE HAGUE
AMEMBASSY MADRID
USMISSION EC BRUSSELS UNN
US MISSION OECD PARIS UNN

UNCLAS STOCKHOLM 1694

E.O. 11652: N/A
TAGS: ETRD, SW
SUBJ: SWEDEN'S LEADING COMMERCIAL STEELMAKERS TO DISCUSS MERGER

1. THE STOCKHOLM PRESS, ON APRIL 20, REPORTED THAT SWEDEN'S
THREE LARGEST MANUFACTURERS OF COMMERCIAL STEEL PLAN TO
INITIATE NEGOTIATIONS NEXT WEEK ON A POSSIBLE MERGER AND
COORDINATION OF THEIR PRODUCTION. (IN SWEDEN, THE DEFINITION
OF COMMERCIAL STEEL IS UNALLOYED LOW-CARBON STEEL CONTAINING
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LESS THEN 0.6 PERCENT CARBON). THESE MANUFACTURERS ARE THE
GOVERNMENT-OWNED NORRBOTTENS JARNVERK AB (NJA), THE PRIVATELY
OWNED DOMNARVETS JERNVERK (BELONGING TO STORAKOPPARBERGS
BERGSLAGS AB), AND THE GRANGES OXELOSUNDS JARNVERK (OWNED BY
GRANGES AB).

2. THE AFOREMENTIONED THREE COMPANIES ARE, IN PRINCIPLE,

AGREED THAT A MERGER WOULD BE ADVANTAGEOUS TO THEM ALL PROVIDED, OF COURSE, THE THE PRACTICAL AND FINANCIAL PROBLEMS CAN BE SOLVED. SOME THOUGHT HAS ALREADY BEEN GIVEN TO THE QUESTION OF OWNERSHIP FOLLOWING THE MERGER, IT IS REPORTED. THE PRESS REPORTS THAT INDUSTRY MINISTER NILS ASLING WISHES TO LIMIT GOVERNMENT PARTICIPATION AS MUCH AS POSSIBLE. THE MANAGEMENT OG NJA HAD PREVIOUSLY INDICATED AN INTEREST IN ACQUIRING THE TWO PRIVATE STEEL MILLS OUTRIGHT, IN WHICH CASE THE COMMERCIAL STEEL SECTOR WOULD BE ALMOST COMPLETELY IN GOVERMENT HANDS. THE MOST LIKELY OUTCOME OF THE FORTHCOMING DISCUSSIONS, HOWEVER, IS THAT OWNERSHIP IN THE NEWLY FORMED COMMERCIAL STEEL CORPRATION WILL BE SHARED EQUALLY BETWEEN GOVERMENT AND PRIVATE ENTERPRISE, WITH NJA OWNING 50 PERCENT, AND THE TWO PRIVATE COMPANIES 25 PERCENT EACH.

3. LATER THIS WEEK, THE COMMERCIAL STEEL INVESTIGATING COMMISSION, HEADED BY "IMPARTIAL COORDINATOR" LARS NABSETH, PROSPECTIVE PRESIDENT OF THE FEDERATION OF SWEDISH INDUSTRY, IS EXPECTED TO PRESENT TO THE INDUSTRY MINISTER ITS REPORT ON A RECONSTRUCTION OF SWEDEN'S COMMERCIAL STEEL INDUSTRY. PROFESSOR NABSETH'S REPORT WILL DOUBTLESS ALSO CONTAIN PROPOSALS FOR SOLVING THE PROBLEMS OF NJA, CLAIMED BY THE PRESS TO BE BY FAR SWEDEN'S BIGGEST INDUSTRIAL LOSER EVER.

4. DETAILS REGARDING THE RECOMMENDATIONS CONTAINED IN THE COMMERCIAL STEEL INVESTIGATING COMMISSION'S REPORT WILL BE SUBMITTED TO THE DEPARTMENT WHEN THE REPORT BECOMES AVAILABLE.

5. THE EMBASSY'S ANNUAL INDUSTRIAL OUTLOOK REPORT ON IRON
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AND STEEL WILL ELABORATE ON THE NABSETH REPORT, A RELATED REPORT ON THE SPECIALTY STEEL INDUSTRY RECENTLY PREPARED BY TONY HAGSTROM, AND OTHER FEATURES OF THIS ENVOLVING INDUSTRY.
SMITH

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Sent Date: 20-Apr-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Event:
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